

INFORMATION REPORT

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COUNTRY Austria

SUBJECT Soviet Control of Sulphuric Acid Industry

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- On 10 January 1948, the Austrian Ministry of Property Control and Economic Planning was informed by USIA representative that, under the future peace terms, sulphuric acid would be considered a strategic commodity and Austrian production would be limited to 30,000 tons yearly.
- When USIA took over the sulphuric acid plant at Moosbierbaum, Lower Austria, no longer property of I. G. Farben, all machinery was removed to the Soviet Union. In August 1947, the Soviets began assembling necessary machinery to put the plant again into production. At least another year will be necessary before production can begin. USIA estimates that the plant will be able to produce 36,000 tons of sulphuric acid yearly, which will provide the entire amount authorized for Austria. As sulphuric acid is basically necessary for such key industries as textile, metal, and fertilizer, the Soviets would thereby exercise control over several Austrian industries.

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- Donau Chemie A.G., the only Austrian firm now producing sulphuric acid, summarized Austrian requirements of sulphuric acid as follows:

Industrial purposes (24% textile, 12% other)	11,700 tons
Production of ammonia	2,700 tons
Production of 60,000 tons of superphosphate	18,000 tons
Production of fuller's earth	1,500 tons
Miscellaneous needs	1,100 tons
Total	35,000 tons

- As the Donau Chemie plant is closing, Lower Austria, is now producing six to seven thousand tons of sulphuric acid yearly and the production of superphosphate has been completely abandoned, about ten to twelve thousand tons of sulphuric acid must

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-2-

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now be imported to avoid shut-downs in the textile and metal industries. The plant in Liesing was taken over unexpectedly by USIA in 1946 along with complete stores of raw materials, including 3,000 tons of iron pyrites in 1947 production. An agreement was reached between USIA and Minister HEIML of the Ministry for Trade and Reconstruction that these materials would be for Austrian consumption and distribution under Austrian price regulations. During 1947, however, the Russians distributed 75% to 80% of the products, leaving 20% to 25% for the use of Austrian authorities.

5. Austrian consumers are completely dependent on USIA-produced acid; the Soviets are said to have taken advantage of the situation to raise prices. The price for 92% acid in January 1947, which would still cover production costs, was S.21.18. In February 1947, it increased to S.38.93; in April 1947, to S.54; in August 1947, S.86.50; in September 1947, S.91.50. USIA is said to be overcharging the Austrian economy five million Schillings for the 8,000-ton allotment granted to Austria. Importation of lower-priced acid has not been possible thus far, since no foreign exchange was available for the purpose, and only a few barter transactions could be concluded. Another bottleneck in such barter transactions is a lack of tank-cars. Large-scale anticipated profits are said to have induced the Soviets to resume production in Moosbierbaum.
6. Since the Soviets lack technical experience and trained personnel for reactivating the Moosbierbaum plant, they asked Donau Chemie frequently in 1947 to participate in this new venture; but so far Donau Chemie has insisted on its right to control production and regulate prices, leaving the Russians only the supervisory rights normally held by shareholders in a corporation. Soviet counter-proposals did not offer a basis for agreement.
7. USIA is also planning to produce superphosphate, which would allow more Soviet control over agricultural production in the whole of Austria.

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